

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 15987
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On September 7, 2001, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing additional income tax and interest for the taxable year 2000 in the total amount of \$58.

On October 2, 2001, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Tax Commission's hearing rights letter and have not provided any further information or documentation. The Tax Commission, having reviewed the file, hereby issues its decision.

Idaho Code section 63-3002 states that the taxable income reported to the Internal Revenue Service shall be the identical sum reported to the state of Idaho, subject to modifications contained in the Idaho law. [Redacted]. Seeing that there may be a problem with her 1999 return, [Redacted] asked the Bureau to also look at her 2000 Idaho return to get it all settled at one time.

The Bureau reviewed the taxpayers' 2000 return and found that the return was filed for [Redacted] only, as a resident of Idaho and as a single individual. However, the federal return attached to the Idaho return was filed as married filing joint. The taxpayers stated they were married in March 2000 and that [Redacted] left Idaho in March 2000.

The Bureau adjusted the taxpayers' Idaho return to show [Redacted] as a part-year resident of Idaho and changed her filing status to married filing joint. The Bureau sent the taxpayers a Notice of Deficiency Determination, which the taxpayers protested.

The taxpayers stated in their protest letter that the return filed with the state of Idaho reflected [Redacted] status while she was in Idaho. [Redacted] was single at that time and did not marry until after leaving Idaho. The taxpayers believe they are being penalized because they got married.

The Tax Commission sent the taxpayers a letter explaining in more detail the Bureau's adjustments and giving them two options for having the Notice of Deficiency Determination redetermined. The taxpayers did not respond. Therefore, the Tax Commission decided the matter based upon the information available.

An individual's marital status is determined as of the close of the taxable year. (Internal Revenue Code section 7703.) The taxpayers elected to file their federal return as married filing joint. Idaho Code section 63-3031 states that if a husband and wife elect to file a joint return for federal purposes, they shall be required to file a joint return for Idaho purposes. Therefore, the Tax Commission finds the Bureau's adjustment changing [Redacted] single filing to married filing joint is correct.

Idaho Code section 63-3031 also states that if a joint return is made, the tax shall be computed on the aggregate income of the joint filers. The Bureau included all the taxpayers'

income in its computation of the taxpayers' Idaho tax. However, since [Redacted] was the only one of the taxpayers to be in Idaho and she was only in Idaho for about three months, the Bureau computed the taxpayers' Idaho tax using Idaho Code section 63-3026A, Computing Idaho Taxable Income of Part-Year or Nonresident Individuals, Trusts and Estates.

Idaho Code section 63-3026A states that for part-year residents, Idaho taxable income is composed of income from Idaho sources for the time the individual was not a resident of Idaho and income from all sources for the time the individual was a resident of Idaho. This section further states that a part-year resident individual is allowed a deduction for the standard deduction or itemized deductions and exemptions in the proportion that his Idaho taxable income bears to his Idaho taxable income as if he were a resident of Idaho. Therefore, when computing the Idaho tax for a part-year resident filing a joint return with his/her spouse, the aggregate income of the joint filers must be shown on the Idaho return.

The Bureau computed the taxpayers' Idaho tax in accordance with Idaho Code section 63-3026A. The Bureau adjusted [Redacted] return to reflect the taxpayers' filing status as provided for in Idaho Code section 63-3031. The Tax Commission found the filing status adjustment and the part-year resident tax computation were applied correctly. Therefore, the Tax Commission upholds the Bureau's determination.

WHEREFORE, the Notice of Deficiency Determination dated September 7, 2001, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$55	\$5	\$60

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is included with this decision.

DATED this ____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2002, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted] Receipt No. [Redacted] [Redacted] [Redacted]

ADMINISTRATIVE ASSISTANT 1